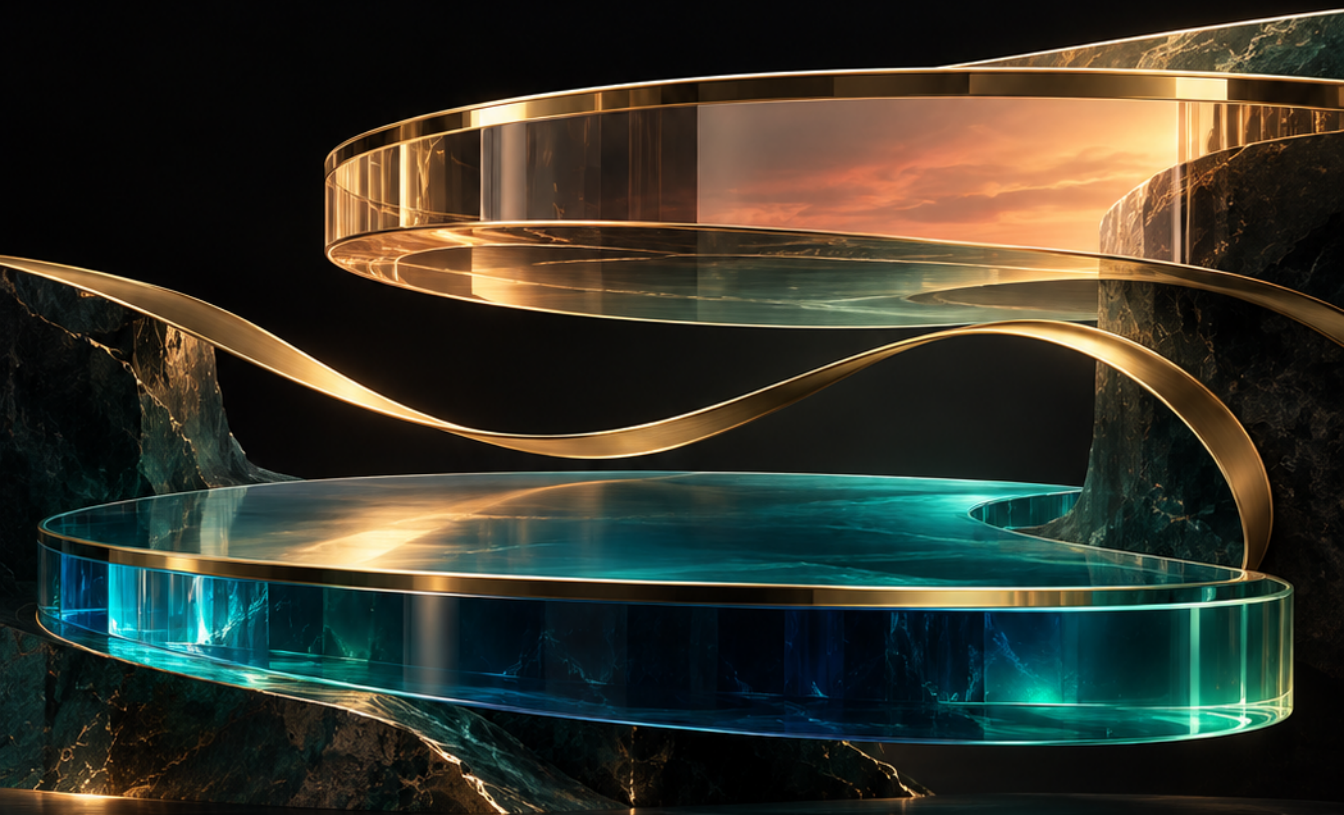


Issam Algo

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SUPPORT AND RESISTANCE

A Practical Illustrated Guide

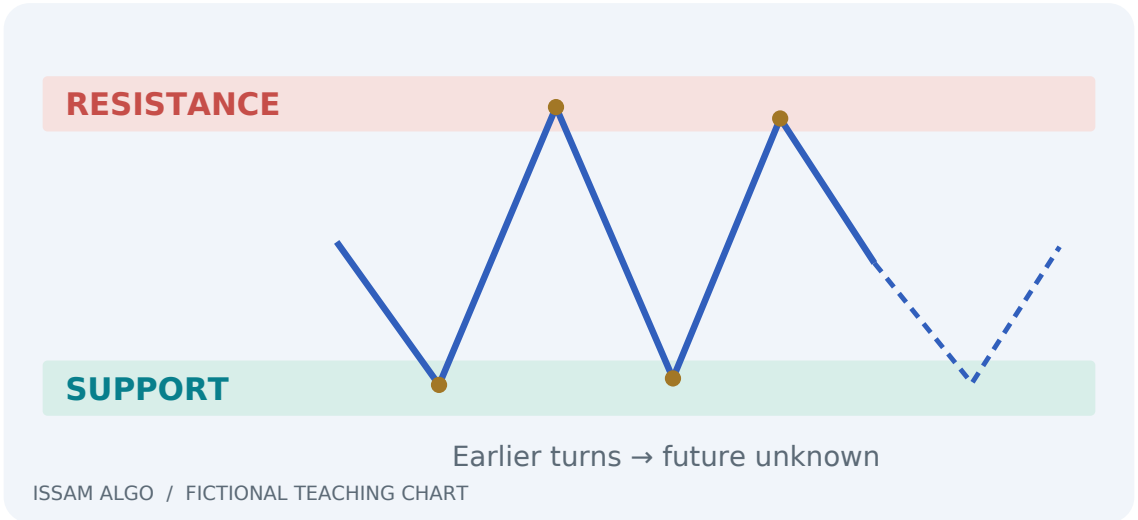


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Two areas worth watching

Support is an area where earlier declines stopped or slowed. Resistance is an area where earlier advances struggled. Technical analysts use these observations to identify places where a future response may be worth studying. [2]



Price runs left to right. The lower band marks support; the upper band marks resistance.

A level is a price reference. A zone is a band around related references. Neither is a wall. Price can bounce, pause, cross or gap through it.

Begin with two questions: Where did price turn before? How does price behave when it returns? The chart shows traded prices, not every resting order or the intentions of particular participants.

In this guide, teal highlights support and coral highlights resistance. Labels repeat their meaning. Blue marks a decision; gold highlights a reference or target.

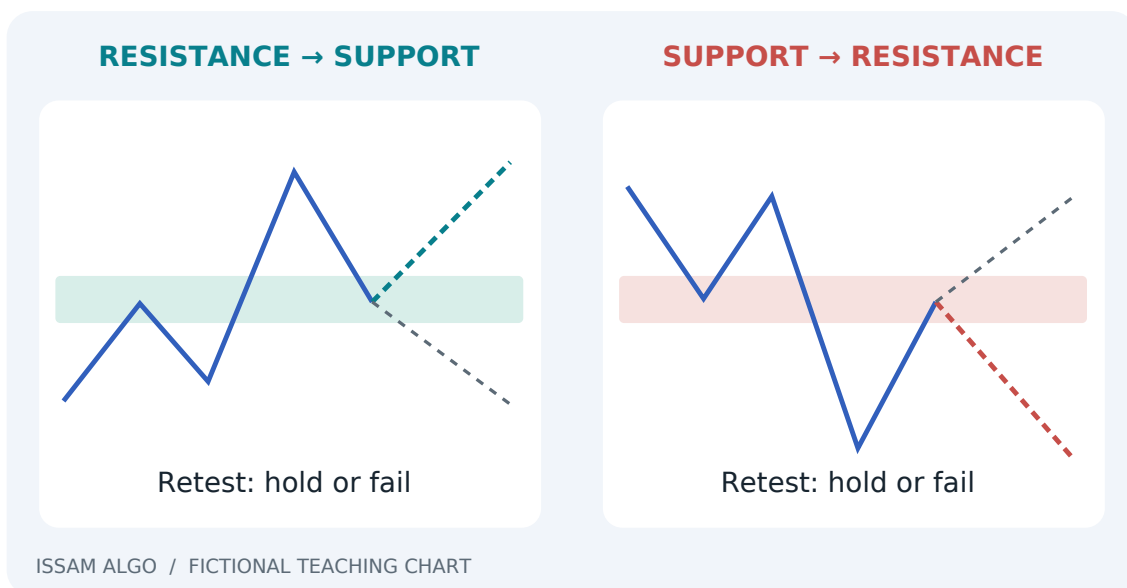
COMMON MISTAKE

Turning a useful observation into a promise that the next touch will hold.

A broken level can change roles

After an upward break, old resistance may become an area where a later decline pauses. After a downward break, old support may resist a later advance. This possible role reversal is a common technical-analysis idea.

[2]



The band stays in the same place. Price changes sides; a retest can hold or fail.

The sequence matters: an earlier barrier, a completed break, a return, then a response. Calling a zone “new support” before the response is an interpretation, not confirmation.

The zone can fail on its first retest, or price can keep moving without returning. Waiting for a retest creates missed moves as well as extra information.

This page explains role reversal. Our practice model on page 12 instead studies a bounce at an existing support band; do not mix the two entry stories.

COMMON MISTAKE

Assuming the label changes automatically into a guaranteed trade after any break.